

## MINUTES OF MEETING

*These minutes have not been reviewed or approved by the RISLA Board of Directors. These minutes are being posted in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.*

The 303<sup>rd</sup> meeting of the Rhode Island Student Loan Authority was held on Friday, April 26, 2013 in the McKenna Conference Room, 1<sup>st</sup> Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

### Members in attendance:

Dr. Anthony Santoro  
Dr. William Croasdale  
Mr. John Howell  
Mr. Chris Feisthamel, Designee of the General Treasurer

### Others in attendance:

Mr. Charles Kelley  
Mr. Noel Simpson  
Ms. Jennifer Dutch  
Mr. Kevan McAleer  
Mrs. Jane Creta  
Ms. Deborah Machowski  
Mr. Joseph Palumbo  
Mr. Solomon Solomon

The meeting was called to order by Dr. Santoro at 10:00 a.m.

Upon a motion made by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED to approve the minutes from the Board of Directors meeting held on March 22, 2013.

There was no Chairman's Report

### **Executive Director's Report**

**Internship Program** - Dr. Croasdale thanked the staff for including on the Authority's website the US Department of Labor's list for Internship Programs that he recommended at a prior board meeting.

**Income Based Repayment** – Mr. Kelley announced to the board that he believes RISLA is the first in the country to implement an income based repayment program on non federal loans. Mr. Howell inquired how the program would work and what percent of RISLA loans would qualify. Mr. Kelley explained that there is a formula that determines the payment, which mimics the federal government's program, and is based on the household family income and number of members in the family and would need to be certified yearly. Mr. Kelley said that the percentage of RISLA loans that would qualify for this program would be low because RISLA's non-federal loan program has stringent credit criteria and the current default rate is 2% but it is designed as a safety net for those students and families who have financial troubles.

**Loan Comparisons** – Mr. Kelley highlighted RISLA's new Parent Loan that is being offered for the 2013-2014 academic year at a rate of 5.39% compared the Federal Parent PLUS Loan at a rate of 7.9%.

**WaytoGo**

Dr. Santoro asked about the possibility of combining WayToGo with the College Planning Center. Mr. Kelley stated that the perception of doing that would likely fuel criticism but that it could be done. Dr. Santoro suggested that he would like to see the two agencies bundled together. Dr. Croasdale agreed and said that both agencies are helping students. Mr. Feisthamel added that risk management is already in place and asked if RISLA should be doing anything in preparation of taking on Way to Go. Mr. Kelley stated that he would come back to the board at a future meeting with some information.

**Lease Renewal**

Mr. Kelley said that RISLA's office lease with RIHEAA is set to expire on October 31, 2013. Board members indicated that in their view a lease should not be executed at the present time.

Dr. Santoro asked if the gain on the early extinguishment of debt was a year to date figure or a cumulative amount. Mr. McAleer explained that this was a year to date figure.

**VCAP**

Dr. Croasdale asked for a VCAP update. Mr. Simpson informed the board that there is nothing new to report. He stated that Pennsylvania has settled with the IRS for \$12 million and is a larger entity than RISLA, but has the same amount of tax exempt bond volume. He stated that Vermont, which was audited paid more than PHEAA, and has more outstanding tax exempt debt than RISLA. Mr. Simpson said that RISLA currently has approximately \$100 million in auction rate debt outstanding and \$30 million in fixed rate debt outstanding that is subject to the VCAP process.

**CFPB Activity**

Mr. Simpson presented a memo to the Board regarding the Consumer Finance Protection Bureau's oversight of customer complaints on non-federal student loans. He stated that the CFPB has launched a web site that chronicles customer complaints of certain consumer banking activities including student loans. Since the web site was launched eight months ago, the CFPB has recorded 3,400 complaints from consumers regarding student loans, Five of those complaints involved RISLA regarding repayment issues; and those complaints were resolved with the customer and the CFPB in a timely manner. Mr. Kelley mentioned that the implementation of the Income Based Repayment program should help reduce the number of complaints. Mr. Simpson also mentioned that the CFPB wants to see non-federal student loan lenders systems for tracking and resolving customer complaints involving non-federal student loans. Mr. Simpson said that Jane Creta, RISLA's manager of loan servicing, currently manages the system and process that RISLA has in place to resolve customer complaints.

Upon a motion made by Dr. Croasdale and seconded by Mr. Feisthamel, it was unanimously

VOTED to adjourn at 10:30 a.m.

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John Howell  
Secretary